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SERIE RESEARCH MEMORANDA

LARGE CORPORATIONS, INDUSTRY BARGAINING
STRUCTURES AND NATIONAL INDUSTRIAL RELATIONS:
A COMPARATIVE AND ORGANISATIONAL
APPROACH

Rien Huiskamp

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**VRIJE UNIVERSITEIT
FACULTEIT DER ECONOMISCHE WETENSCHAPPEN
A M S T E R D A M**

Large corporations, industry bargaining structures and national
industrial relations: a comparative and organisational approach

Rien Huiskamp

Presented for

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Relation Theory

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1. INTRODUCTION

In recent literature attention has been focussed on the relationships between the bargaining structure of a country and strategies of the main actors in industrial relations. For instance comparing the United States and Europe, Kassalov has stated that company bargaining leaves trade-unions more susceptible of employers counter-strategies than industry-wide bargaining. Industry-wide bargaining in his view enables unions to maintain wages in periods of low economic growth whereas company bargaining offers trade-unions better chances for wage improvement in periods of high economic growth (Kassalov, 1985).

Streeck has argued that industry-wide bargaining in Western Germany is an expression of a coordinated and solidaristic union strategy whereas company bargaining in England is the result of a fragmented and sectional union strategy (Streeck, 1984). The latter strategy would partly explain for the predicament of the British economy and the 'institutional arthritis' predicted by Olson in those countries, which over a long, uninterrupted period have accumulated scores of pressure-groups, e.g. trade unions.

In empirical studies on the development of bargaining structures after the Second World War a shift has been generally observed from industry-wide to company bargaining (Deaton and Beaumont, 1980; Hendricks and Kahn, 1982). Some authors have prophesied the 'withering away' of industry-wide bargaining (Brown, 1978). Among the variables explaining this recent shift, concentration in industry figures prominently. Large companies leave the umbrella of an industry-wide bargaining unit in order to establish their own wage policy. If many other corporations follow suit, the employers' association will disintegrate and trade-unions will have to resort to company agreements. Also trade-unions may play an active role in the disintegration of an industry-wide bargaining unit if they decide to concentrate their resources on large corporations with better abilities to pay. Therefore the choice between industry and company bargaining is strongly related to the mutual strategies of trade-unions and employers.

In this paper we study the impact of the development of large corporations on industry bargaining structures and national industrial

relations and relate this impact to strategies of trade unions and employers. In the analysis a comparative approach will be used. Firstly attention will be paid to the impact of large corporations on bargaining structures of different industries and on national industrial relations within the same country. A comparison will be made between the Dutch metalworking industry and the Dutch non-metalworking industries. Secondly we look at the impact of large corporations on bargaining structures of the same industry within different countries. In this respect a comparison will be made between the Dutch and the British metalworking industries.

In Holland the state, unions and employers, sponsored the development of industry-wide bargaining strongly in postwar reconstruction as an essential tool of wage policy. It is an ideal case to study the impact of large corporations on a bargaining structure, with an originally very strong position for industry-wide bargaining. We will present data on the development of number and coverage of bargaining units in Dutch metalworking and four other manufacturing industries in 1970, 1977 and 1984 ¹). It is worthwhile to point out that these data are rather unique. In most studies, data are limited to just number of agreements, one year or if more comprehensive, one industry.

Over a similar period, 1972-1983, additional data are presented on wages rates negotiated in bargaining units and actual earnings at company level.

According to Derber unions and employers in the British metalworking industry pioneered industry-wide bargaining (Derber, 1976) while presently moving towards company bargaining. Based on an earlier study of industrial relations in this industry (Huiskamp, 1976) we will pay special attention to a comparison between the Dutch and the British

¹All agreements and the number of workers covered in Holland, are registered by the Ministry of Social Affairs and Employment. The start of period studied (1970) was dictated by the availability of the data for the first time in that year. The study concentrates on the bargaining structure of the manufacturing industry and more specific five industries are selected for further analysis. The chemical industry is chosen as an example of an industry dominated by single-employers' agreements. Three other industries (Paper, Food, drink and tobacco and Timber and furniture) are chosen because of their varied mixed bargaining structures of single- and multi-employers' agreements. We chose the engineering industry because of its share in manufacturing employment and as a good

metalworking industries 2).

(vervolg noot 1)

example of an industry dominated by multi-employers' agreements. The selection is representative of bargaining structures at industry level.

²The metalworking industries in Holland and Britain were chosen for the international comparison because of the importance of these industries as pattern-setters in national industrial relations and because of the work done earlier on the British metalworking industry (Huiskamp, 1976).

CONCEPTUAL FRAMEWORK

Developments in bargaining structure are traditionally described in terms of multi-employers' agreements and single-employers' agreements. Empirical data are collected in terms of number and occasionally coverage of three types of bargaining units: single-plant, multi-plant and industry-wide. For the purpose of studying the impact of large corporations on bargaining structure this classification is not precise enough. For instance a single-plant bargaining unit may reflect an agreement concluded for a small independent company or a subsidiary of a large corporation. Also how wide is industry-wide: does a bargaining unit cover a whole industry or just a branch of an industry?

We propose to introduce a new classification of bargaining units from an organisational perspective. In doing this we heed Weber's warning against the identification of 'collective bargaining structure (...) with any simplified notion of the bargaining unit' (Weber, 1967, 14). In order to stress the relationship between bargaining units and strategies of their constituent organisations we look at bargaining units as the expression of interorganisational relations between unions and employers (Kochan, 1985; Lammers, 1981).

In the case of multi-employers' agreements it concerns interorganisational relationships between unions and employers' associations. These do not necessarily coincide with an industry as defined in the economical and statistical terms of industrial classifications. The metalworking industry is a prime example of this. The industry comprises many distinct branches, even to the extent that many observers speak in terms of 'separate and distinct industries' (Derber, 1976, 20). Some authors conclude from this that the identity of the engineering industry can only be found firstly in the membership of employers to an employers' federation and of the workers to certain trade-unions and secondly in the relations between the employers' federation and the unions concerned (Lerner, 1962, 16). We have been able to classify our data on multi-employers' agreements according to the various degrees in which the interorganisational relations concerned cover an industry. An industry-wide bargaining

unit covers a whole industry, whereas a single-branch bargaining unit covers a branch producing a fairly homogeneous product. In between, there are multi-branch bargaining units covering several branches of the same industry. In this way the classification of the bargaining units reflects the number of distinct markets covered by the unit. This classification makes it possible to observe changes within multi-employer agreements: is there a development towards or away from industry-wide bargaining?

It was also possible to classify our material on single-employer agreements from an organisational perspective. In this case it concerns interorganisational relations between unions and one firm. We have marked them in terms of the following typology: corporation or division, Dutch owned subsidiary, foreign owned subsidiary and small independent firms ³).

Loveridge has stated that the study of single-employer agreements in terms of single- or multi-plant, has obscured changes in ownership of firms and we add its organisational consequences 'in any of the analysis of industrial relations' (Loveridge, 1983, 176). Our new classification allows us to observe changes within single-employer agreements, which reflect just that: is an increase in the number of single-employer agreements related to small companies or to large corporations establishing their own bargaining unit? Are agreements decreasing in number as a result of bargaining being increasingly carried out at a corporate level?

As said before, the interorganisational perspective is introduced in order to extend the analysis beyond collective bargaining units as such.

First of all, bargaining units only reflect formal bargaining structures. A company or its workers may determine (part of) their own wages, without establishing a formal bargaining unit. They may do either so in contravention of or in accordance with the rules established by the constituent parties to the agreement. Differences between negotiated wages rates and actual earnings will

³The classification of single-employers' agreements is based on a empirical study of Koot of the concentration in Dutch manufacturing industry during the sixties and seventies (Koot, 1978).

provide some evidence for the degree in which unions and employers' associations are able or willing to make these rules binding and enforceable among their members ('organisations').

Secondly, we will also look at the organisations themselves, as constituent members of the interorganisational relations. Employers have a decisive influence on the bargaining structure. They have to decide on both the decision-making structures in a corporation and the establishment of employers' associations. The employer may decide in order to control labour costs to integrate subsidiary bargaining units into a corporate bargaining unit. Unions may stimulate such a development, because it may help them in their efforts to centralise their own organisational structure or because it may cause terms and conditions to be equalized to those of the better paying subsidiaries.

So, union policies and organisational structures are relevant. Is their membership based on particular industries or on sections of workers within different industries? What is the position of lay officials at company level?

The wage policy pursued is of utmost importance: is the wage policy solidaristic, embracing all workers in an industry or sectional, directed to certain groups of workers or sections of an industry?

There could also be a tendency of agreements within one industry being

(vervolg noot 3)

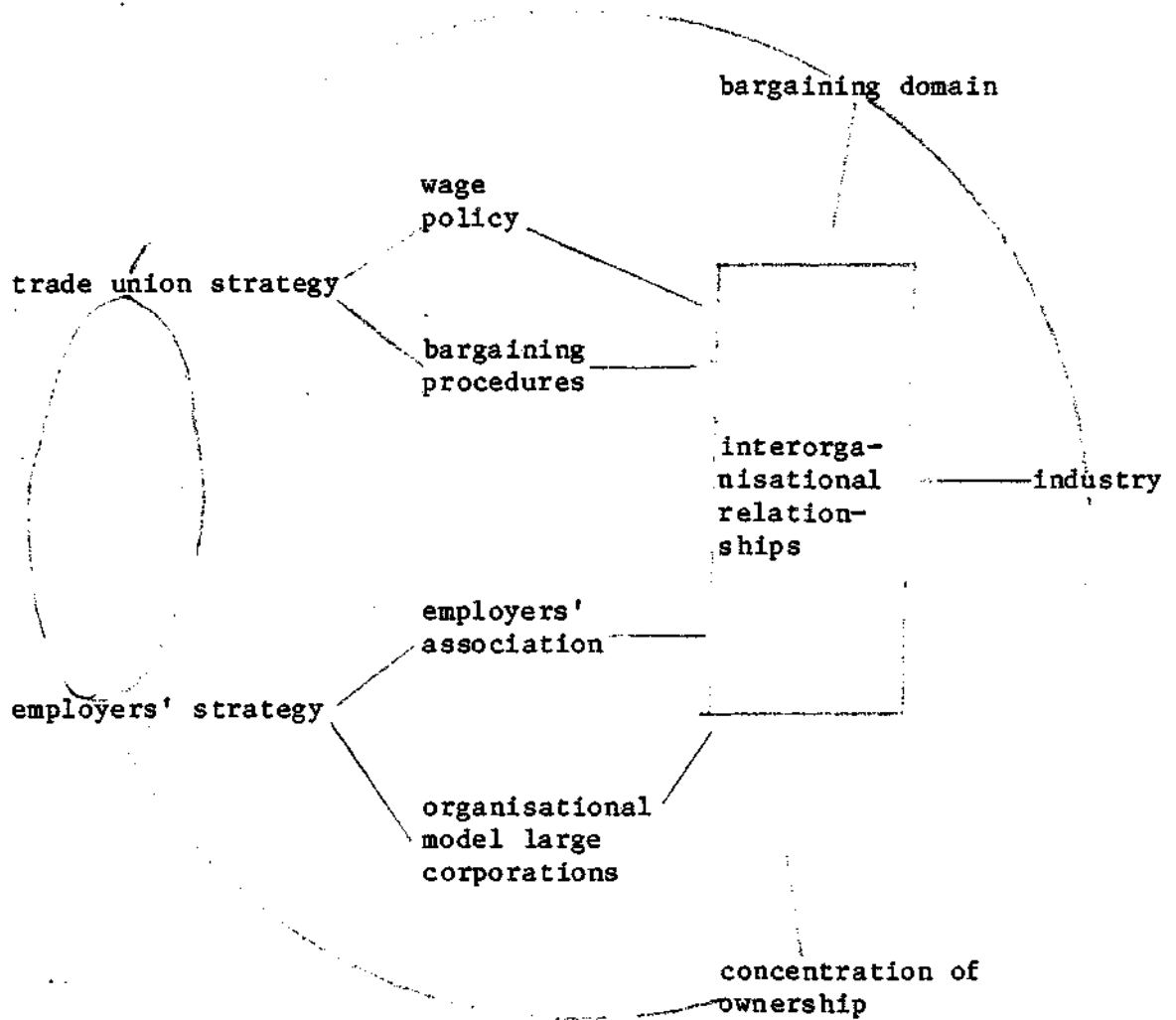
Instead of the traditional study of concentration ratios in industries he opted for a distinction between corporations, divisions, semi-dependent subsidiaries, dependent subsidiaries and small independent firms. The criteria for classifying companies on this scale were: ownership, the presence of management functions (such as sales, product development etc.) and the possibilities of a company to influence market behaviour of other companies in one or two industries.

It was not possible to classify our agreements in the five categories of companies as defined by Koot. It was however possible to distinguish between agreements of corporations and divisions, agreements of subsidiaries and agreements of small independent firms. Agreements of subsidiaries could be classified as being either of Dutch or foreign ownership. Foreign owned divisions are classified under corporate/divisional agreements. It concerns large Dutch corporations taken over by foreign companies, but still to be regarded as corporations in the terms as defined by Koot.

By and large most company/divisional agreements are multi-plant and most subsidiary or small firms agreements are single-plant.

interlinked because one union or set of unions coordinate their wage policies in different bargaining units or perhaps the agreements are interlinked in terms of pattern-setters and pattern-followers. These linkages, mainly depending on trade-union organisation, may involve bargaining units of several industries. Such a coherent set of bargaining units is called a bargaining domain.

The conceptual framework developed in this paragraph can be visualised in a simple model. Variables such as the particular industry(-characteristics), concentration of ownership and bargaining domains are situated in an 'outerlayer' and influence the interorganisational relations, shaping a historical context for trade-union and employers' strategies. Those strategies in their turn influence each other as well as variables such as concentration of ownership and the boundaries of bargaining domains. However, if we take a closer look and journey into the 'core' of the model, we also find that those constituent organisations through variables such as wage policy and the decision-making process of large corporations shape the interorganisational relationships. Within the Dutch case we will mainly concentrate on analysing the 'outerlayer', whereas the 'core' will be examined in detail in the Dutch/British comparison.



COMPARISON BETWEEN DUTCH METALWORKING AND NON-METALWORKING INDUSTRIES

In his study of Dutch industrial relations Windmuller has identified three central hallmarks in post-war Dutch industrial relations (Windmuller, 1969, 434-441). These are the great importance attached to consultation, the centralised nature of the industrial relations and the crucial role played by the government. Consultation in Dutch industrial relations is a broad concept and has a wider meaning than just collective bargaining. At the national level it often results in national agreements or guiding principles for collective bargaining at industry or company level. In these consultations the government plays a crucial role and especially during the post-war reconstruction period the government stimulated the conclusion of multi-employer agreements. These agreements could be made legally binding for all employees working in the industry covered by the agreement. In comparison with the pre-war situation, post-war multi-employer agreements augmented in number and coverage up to the early sixties. There after there was a merger wave in industry, which peaked at the end of the decade.

Number and coverage of bargaining units

The developments in the metalworking industry will be compared with developments in the four selected industries in terms of number and coverage of bargaining units. The results are presented in table 1. Between 1970 and 1984 the number and coverage of bargaining units formed by small firms decreased in nearly all selected industries. Already in 1977, their role in the bargaining structure is of marginal importance. Notable is the increase of bargaining units established by corporations and divisions, perhaps not so much in numbers as in coverage. In the metalworking industry there is not much change since 1970, but in all other industries (except timber and furniture) the importance of the corporate/divisional bargaining unit has increased. The number of Dutch owned subsidiary bargaining units in the metalworking industry is negligible small, in all the other industries (except paper) there has been a considerable decrease. Bargaining

units established by foreign owned subsidiaries are clearly on the increase, but again this is not reflected in the metalworking industry.

Looking at the development of multi-employer agreements it is evident that again there are large differences between the metalworking and the other industries. The metalworking industry is the only industry with an industry-wide bargaining unit. In one industry (paper) only single-branch bargaining units are in existence. In the three other industries during the period 1970-1977 the decrease in number and coverage of multi-branch bargaining units seems to be less than among the single-branch. However, between 1977 and 1984 the coverage of multi-branch bargaining units also diminished strongly.

As to former Dutch owned subsidiary bargaining units, it is found that they have been integrated into corporate/divisional bargaining units. The same process occurred in the case of small firms if they are overtaken by other companies. The growth of coverage by corporate/divisional bargaining units does not exclusively originate from this process of integration. Some corporate/divisional bargaining units have increased the numbers of workers covered because of the integration of two of those units in the wake of a merger. In some instances a corporation has decided to conclude its own agreement during the period studied.

Of the former single-branch bargaining units some were dissolved, but most of them were integrated or merged into multi-branch or industry-wide bargaining units. This trend becomes even more visible if we take a look at the years before 1970, which we could do only for the multi-employer agreements. The results are presented in table 2. The bargaining structure of the paper industry is a notable exception as none of the single-branch bargaining units have merged in either a multi-branch or industry wide bargaining unit. In the metalworking industry not only single, but also multi-branch bargaining units were integrated in the industry-wide bargaining units.

In the metalworking industry and the non-metalworking industries together there is one clear trend: smaller bargaining units have either been fused or integrated into new or existing bargaining units.

Some have even disappeared. This trend equally occurs among single- and multi-employer agreements, even in instances where only a few agreements are present: among the multi-employer agreements in the chemical industry and the single-employer agreements in engineering. However, in this respect there are two notable differences. Firstly, in metalworking the integration of bargaining units had already come to an end before the period we study. The second difference concerns the size of the bargaining units. The bargaining units in the engineering industry are considerably larger than those in the non-metalworking industry, even after the process of integration in the latter. There are basically three large bargaining units in this industry. These three are the huge (coverage 77.000) corporate bargaining unit of Philips, and two industry-wide units, one for artisan establishments and one for industrial establishments. With the one exception of Philips, no other large corporations have established their bargaining unit in this industry. It is time to leave the purely institutional level of registered bargaining units and examine the negotiated wage rates and actual earnings at company level.

Changes in the rules of agreements

Most multi-employer agreements in the non-metalworking industry are standard agreements. In the case of a standard agreement, the relative change in the negotiated wage rates strictly applies to all wages under the agreement. Companies are not allowed to go above neither pay less or more than increases settled on.

In the metalworking industry the agreement for industrial establishments are formulated in terms of a minimum agreement. This means that under the agreement, companies are allowed to pay more but not less than the agreed change in the wage rate.

In table 3 increases in negotiated wage rates and earnings over the period 1972-1983 are presented for the metalworking industry and three of the selected non-metalworking industries. The difference between earnings and wage rates is traditionally explained in terms of wage drift. In this instance wage drift is not only corrected for overtime, but also for changes in the composition of the labour force (age,

skill and sex) and of the industry. Wage drift minus this 'structural' drift provides us with an indicator of 'pure' drift.

If we compare the industries, we notice the following. 'Pure' drift in the metalworking industry is the same as in the chemical industry, but there is a sharp contrast with 'Food, drink and tobacco' and with 'Timber and furniture'. 'Pure' drift is negligible in the latter two industries and even negative. In other words, there are no additional increases to negotiated wage rates at company level other than just 'structural drift'. At the same time in these industries the increase in the negotiated wage rates are much higher than in 'Chemicals' and 'Metalworking'. There seems to be a clear correlation between the level of negotiated wage rates and 'pure' drift. The more wage rates increase, the smaller 'pure' drift appears to be. How is this to be explained?

In standard agreements, unions negotiate relatively high wage rates as at company level no increases are allowed to occur. In a minimum agreement unions can afford to bargain for a relatively low increase, because under the rules of the agreement a fresh round of negotiations is allowed to take place at company level.

Companies in Food, drink and tobacco and in Timber and furniture seem to follow the rules formulated by unions and employers' federations very precisely. There are indications that a number of small firms pay below the negotiated rates.

The chemical industry, where single-employer agreements prevail we did not expect an earnings gap to occur. However, the oil and other chemical companies are concentrated in the Rotterdam area, where the Shell-agreement is leading. Many of the neighbouring firms raise without any formal agreement their rates just above the rates agreed by Shell. In this way, the corporate agreement of Shell functions like a minimum agreement in the bargaining domain of the process industry.

A change of the engineering agreement from a standard into a minimum agreement took place during the second half of the sixties because of the growing need of the mostly larger companies to establish their own wages and conditions (De Jong, 1975). In the bargaining structure of this industry we have not witnessed an increase in

corporate/divisional and foreign-owned subsidiary bargaining units over the period studied as large companies have been capable of determining part of their own wage conditions without breaking away from the industry-wide bargaining unit. A process of accommodation occurred through a change in the rules governing collective bargaining.

Centralisation in bargaining structure and national industrial relations

Unions, government and employers' associations in the Netherlands fostered the development of multi-employer agreements after the war. Some of these agreements have developed into centralized bargaining units, gobbling up smaller agreements. The increase in company bargaining has not caused a rupture in Dutch industrial relations as the formation of large corporations neatly fitted in with national industrial relations features: the centralisation of many single-employer agreements into the corporate/divisional bargaining units.

This integration reflects the organisational process of upgrading and downgrading within corporations as described by Koot (Koot, 1978). Studying corporate structure in the nineteen sixties and seventies in the Dutch manufacturing industry he depicted two developments, representing the same phenomenon. The first was the development of firms into corporations or divisions with either control of ownership or the presence of management functions and the possibility to influence market behaviour. It is a process of promotion on the corporate 'ladder'. The second was a process of downgrading by firms first losing their control over ownership and in due course also most managerial functions, ending up as a mere production facility: a degradation via an independent subsidiary into a dependent subsidiary. Some firms kept control over their ownership and their management functions, but being mostly small, could not influence market behaviour. Along with functions such as research and development and marketing, some years after a take-over, local management lost to central management its power to conclude collective agreements. This centralisation of decision-making had been initiated by management,

although, unions could play a crucial role in it. In a study of large corporations in Holland and Western Germany, carried out in the seventies, Bomers found that unions favoured bargaining at corporate level in home-based multinationals and at subsidiary level in foreign-based multinationals (Bomers, 1976, p. 128-139). Indeed our data show an increase in both corporate/divisional and foreign-owned subsidiary bargaining units. Obviously unions looked for the best possibility to exert influence on corporate decision-making in their home-land.

In the metalworking industry, with the notable exception of Philips, the existence of corporations has not lead to the establishment of corporate bargaining units at any scale. Instead, the unions and the employers' association concerned agreed on a second wage round at company level. In the other selected industries the presence of corporate/divisional bargaining units seems to relate to the absence of a centralised industry-wide bargaining unit as exists in engineering. In this respect it is very important whether an industry constitutes a bargaining domain in its own right such as the metalworking industry or is part of a bargaining domain together with other industries. The paper industry is part of the bargaining domain of the printing industry. In the printing industry single-employer agreements are totally absent and the bargaining structure has been dominated from a very early point in its history by an industry-wide bargaining unit. This agreement in the printing industry acts as wage leader and with only single-branch bargaining units in the paper industry, room is left for the establishment of corporate/divisional bargaining units. A similar process occurred in 'Timber and furniture', being linked up with the building industry. If the bargaining structure of an industry is part of a wider bargaining domain, its multi-employer agreements are prevented from developing into an industry-wide bargaining unit. This, in turn, leads to a 'niche' for corporate/divisional bargaining units. In the chemical industry, being part of the bargaining domain of the process industry, the development of any multi-employers agreement was stopped at an early stage, as the post-war expansion of this industry

coincided with the concentration of ownership. Corporate/divisional and foreign-owned subsidiary bargaining units were established before the interorganisational relations between unions and employers' associations were developed at any scale. If such relations do not cover a whole industry before the concentration of ownership occurs at a large scale, then the establishment of corporate units is likely to take place.

In the food, drink and tobacco industry no industry-wide agreement came into existence. This industry is very heterogeneous, more than the other industries studied (there is no common raw material). Some branches of this industry are only covered by multi-employer agreements and others only by single-employer agreements. But again, our arguments about concentration and interorganisational relations between unions and employers are also valid on the level of branches ⁴).

The process of concentration does not necessarily lead to the establishment of parent companies in an industry. We have mentioned the process of up-grading and down-grading at company level. There is, however, no reason why such process should not occur at industry, or, more likely, at branch level.

It is quite possible that whole branches of an industry consist of down-degraded subsidiaries. A parent company may never have been established in such a branch and the multi-employer agreement may never have been challenged. Indeed, many subsidiaries of corporations are still covered by multi-employer agreements.

A last remark concerning the formation of large corporations refers to the process of deconcentration of ownership or decentralisation of decision-making. Especially in the paper industry and in the timber and furniture industry, some large corporations went bankrupt after 1977. Most of the subsidiaries were taken over by other (foreign) corporations and some of them became small independent companies again. In both industries our classification of bargaining units makes it possible to trace this process. Between 1977 and 1984 there is an

⁴Take for instance the tobacco-industry. This industry consists out of two branches: cigars and cigarettes, both completely foreign-owned. However, in the cigar-industry small companies were taken over and

increase in foreign-owned subsidiary bargaining units and some reversion to small company bargaining units. According to our data on 1984 there is as yet no tendency in large corporations towards a renewed autonomy for local management.

The conclusion is that large corporations have had a clear impact on Dutch bargaining structure. At industry level the relationship between multi- and single-employer agreements is still quite varied and complex because of differences in the development of interorganisational relations between unions and employers, differences in the process of concentration and in the relationships between those two processes in their historical development. Nevertheless, management and unions have shown in all industries and corporations a remarkable consistency in their strategy to establish company bargaining units: the development of integrated and concentrated bargaining units, reflecting organisational processes, both within corporations and trade unions. Integrated and comprehensive multi-employer agreements co-exist with similar single-employer agreements.

The centralisation in bargaining structure has led to an intermediate level of large bargaining units which have become the foci of Dutch national industrial relations. One could even wonder whether the sets of interorganisational relations around these trendsetters have not replaced the Dutch national industrial relations system as such ⁵⁾. In studying the impact of large corporations in different industries within the same country, we have come accros the importance of trade union and employers' strategies. By comparing the same (metalworking) industry in two different countries, Holland and Britain, the attention will be focussed on those strategies.

(vervolg noot 4)

developed into degraded subsidiaries, while in the cigarette-industry Dutch corporations were taken over at a later stage and still have a measure of independence. The interorganisational relations between unions and the employers' association stem from a very early date and only covered the cigar-industry, while in the cigarette-industry no such relations came into existence before the concentration of ownership occurred.

⁵In this sense we also feel that methodologically a systems approach of industrial relations has to be replaced by an interorganisational approach.

COMPARISON BETWEEN DUTCH AND BRITISH METALWORKING INDUSTRIES

According to Derber in his comparison of the industrial relations in the metalworking industries in five countries the British industry pioneered the development of industry-wide bargaining. When making a comparison between the bargaining structures of Dutch and British engineering, we run into some difficulties, which are essential for the understanding of the similarities and differences between the two metalworking industries. For Holland we could compare the formal bargaining structure in the metalworking with those in the non-metalworking industries, as in all industries most bargaining units are formally established and the results of the bargaining process are generally applied in the companies under the agreement. In Britain however, such a process of formalisation and standardisation in collective bargaining does not exist at this scale in the engineering industry. There has always been a tension between bargaining at central level and at local level. At the earlier stages of the industrial relations in the metalworking industry, this tension was reflected by national industry bargaining versus regional district bargaining. Bargaining above the level of the company originally took place at district level. For a short period, to begin with the First World War, industry bargaining appeared to become the dominant mode of wage determination. Shortly before and especially after World War II company bargaining developed rather quickly (Huiskamp, 1976). As such, the tension between central and local bargaining was reflected through industry bargaining versus company bargaining and at a later stage also within companies between corporate/divisional bargaining and plant bargaining.

As a consequence of local bargaining being transferred from district to company and especially plant level, industry-wide bargaining only led to minimum agreements concerning wages and conditions. The bargaining pattern was irregular, meetings took place only when deemed necessary. One wonders whether one could speak of a bargaining unit with a set of procedural rules and substantial outcomes applied in most companies under the agreement as in Dutch engineering. If British

engineering did ever pioneer industry-wide bargaining it certainly did not so in terms of the establishment of formal bargaining units. In recent years especially during the nineteen sixties and seventies the proportion of standard earnings accounted for by the rates negotiated in the industry agreement drastically dropped. Increases were agreed on in company bargaining by shop stewards. Without the formal establishment of company bargaining units, a 'double' bargaining structure came into operation: at industry level and at company level.

Especially large corporations broke away from the industry agreement and established their own annual agreement. In order to prevent the extinction of the industry-wide agreement, the unions and the employers' federation agreed on a new variant of the minimum agreement. In this new variant the minimum does not function as a 'floor' giving rise to a second wage round at company level but as a 'safety net'. In a minimum agreement workers receiving more than the minimum rate have their wages increased in such a way that parity between their company rates and the industry rates is at least re-established. The 'floor' raises everybody standing on it.

Under the minimum 'safety net' agreement the change in the industry wage rate applies only to those companies in the industry whose workers are paid the minimum (Brown, 1978). In this way, there is no automatic link between the industry rate and the company rate.

Management has more freedom to establish their own wages. The industry agreement functions as a 'safety net': companies will drop into the net, if its wages have come down to the minimum.

Brown has documented this change in the British metalworking industry, however more recently Elliot has stated that the industry agreement in this industry is moving back from a 'safety net' to a 'floor' position. Workers, due to the weakening of their domestic bargaining positions in the wake of the economic crises, try to base their increases again on and above increases in the industry rates (Elliot, 1981).

Changes in the bargaining structure are not restricted to changes in the relationship between company and industry bargaining, but also occur within company bargaining. Because of reforms mainly induced by

management, bargaining has moved in some companies from subsidiary-(plant-)level to divisional or corporate level. In other companies this is not the case. Studying large corporations in British engineering, Loveridge has stressed 'the longevity of the (...) federal corporate structure' in contrast to 'corporate centralism' in other countries (Loveridge, 1983, p. 191).

Whereas the industry agreement in British metalworking has taken a position between a minimum 'floor' agreement and a minimum 'safety net' agreement, the Dutch engineering agreement hovers between a standard agreement and a minimum 'floor' agreement. If additional negotiations in Dutch engineering companies take place at all, they are carried out within a detailed set of procedural rules laid down in the industry agreement. Increases above industry rates are very precisely determined by domestic job classification schemes which are not basically different from the scheme in the multi-employer agreement. The domestic increases are negotiated between the company and the national (regional) full-time union officials with shop stewards either not being present at the negotiations or attending only as observers.

Union and employers' strategies

In comparing the bargaining structures, we observe more company bargaining units and more plant bargaining in British than in Dutch metalworking. Both industries are covered by an industry-wide bargaining unit. The way however in which the rules, agreed to by the parties, are applied in the companies differs. In Holland unions and employers' federation either enforce the rules or the procedures for 'deviation' from these rules are strictly formulated. In the UK the rules are neither strictly applied nor extended for special application at plant level.

Metalworking industries share in their historical development many commonalities in their technical-economic structure, such as the work-process, the composition of the labour force, the raw materials and labour-capital ratio's. Nevertheless, the industry is very heterogeneous in its product markets and there have always been large

differences between growth sectors and stagnating sectors with different abilities to pay wages. Indeed the industry is often defined in terms of the interorganisational relationships between trade unions and the employers' association. As these constitute a bargaining domain in their own right, we are in a position to compare interorganisational relation rather than industries. In both industries one set of interorganisational relationships covered a substantial part of the industry before the concentration of ownership occurred.

Within this historical context, looking at the strategies of the constituent organisations, it is of crucial importance whether or not the trade unions favour uniform wages rates. Is there an emphasis on the protection of the lower paid, restraining members in their demands in the companies with a better ability to pay? An industry-wide agreement is a better instrument for comprehensive, solidaristic wage policy than a single-employer agreement. A minimum agreement acting as a 'safety net', does allow for larger variations in wages between members in different firms. If the industry agreement is pushed into a marginal role, lower paid workers, especially those in small firms, will get off worse.

In Dutch unions the bargaining function has been monopolised by the full-time officials; this is very precisely laid down in the rules and organisational structure of the unions. In British unions plant bargaining by lay-officials has occurred for a long time and this has also been supported by important sections of the paid officials. In this respect there are also important differences within unions. For instance, in the British engineering union (AEUW) the 'right wing' is in favour of a more solidaristic wage policy, while the 'left wing' is in favour of bargaining in the stronger sectors and plants of the industry. Especially the metalworking industry - heterogeneous, but covered by one set of interorganisational relations - offers many opportunities for sectional bargaining. The unions' strategy is the outcome of the position of both 'wings' in the decision-making processes. While in Britain the 'left wing' was dominant in the sixties and seventies, in Holland the solidaristic policy holds the majority in the unions.

For this reason, from the beginning of this century, the organisational structure of the unions did not allow for an independent position of shop stewards. Whether such a formal organisational structure will be maintained depends very much on the strategies of the employers' federation. Does the employers' federation prefer to negotiate with paid officials or are they in favour of recognizing lay officials? Is the employers' federation concerned with a standard wage rate throughout the industry? Historically in the Netherlands they have concentrated on a standard wage rate to be negotiated with paid officials and to be applied at company level. This strategy has been more difficult to implement in the sixties and seventies, because of the increasing differences between large corporations and small companies. These differences also became stronger and stronger in the British Engineering Employers' Federation and has resulted - like in Dutch metalworking, but to a greater degree - in a further relaxation of the rules of the industry agreement.

The development of corporations adds in the first instance to decentralisation in the bargaining structure, but the development of their own, internal organisational structure acts in the second instance as a force towards centralisation. However, whereas in Holland both management and union officials initiate and stimulate this process, in the United Kingdom due to the organisational structure of trade unions (the position of shop stewards at plant-level) and of companies (management at plant-level) this process of centralisation is more haphazard ⁶).

⁶It is also possible that there are differences between Dutch and British managers such as found between German and British managers. German managers used their discretionary powers less than their British counterparts, even within formal centralized decision-making structures (Child and Kieser, 1979).

CONCLUSION

If we compare the impact of large corporations on the bargaining structures of the Dutch non-metalworking industry, the Dutch metalworking industry and the British metalworking industry the result is as follows:

The concentration of ownership during the nineteen seventies has led to changes in the relationship between industry and company bargaining. It led to the establishment and growth of corporate/divisional and foreign-owned subsidiary bargaining units in most Dutch non-metalworking industries and a relaxation of the rules of industry bargaining in the Dutch metalworking industry. In the British engineering industry it led to both.

The shift from industry to company bargaining does not necessarily represent a decentralisation of the bargaining structure. The integration of bargaining units within large corporations represents a centralisation, reflecting the development of decision-making within large corporations, in the wake of the actual mergers.

In Holland, the large corporation as a new focus for the development of interorganisational relationships between unions and employers fits in very well indeed with the centralised and comprehensive nature of Dutch national industrial relations. One could say the large corporation as a non-voluntary hierarchy of companies has replaced the employers' association as a voluntary arrangement.

In British engineering this integration is less obvious due to different strategies of employers and unions towards crucial issues such as corporate decision-making, wage policy or unions' internal structures.

With the aid of our conceptual framework we have interpreted the changes in bargaining structures as changes in interorganisational relationships and related these to historical-structural developments and to strategies of trade unions and employers. The simple model presented in this article, needs further elaboration and the inclusion of other variables such as government strategy.

Table 1 Number and coverage of bargaining units in Dutch non-metal and metal working industries, 1970-1984

	Chemical				Timber and furniture				Food, drink and tobacco			
	1970				1977				1984			
	N	C	N	C	N	C	N	C	N	C	N	C
Corporate/divisional	11	23.949	17	46.502	22	54.060	3	3.440	2	2.763	1	1.800
Dutch owned subsidiary	32	5.480	17	3.398	14	2.392	8	805	3	140	4	345
Foreign owned subsidiary	27	6.156	39	7.940	49	9.131	1	600	1	300	4	957
Small firm	32	2.843	18	2.095	11	1.799	23	1.424	21	1.304	10	505
Industry-wide	-	-	-	-	-	-	-	-	-	-	-	-
multi-branch wide	-	-	1	2.600	1	2.600	3	35.000	4	38.000	4	28.500
single-branch wide	3	3.125	1	200	1	200	8	11.300	4	10.025	3	10.950
	paper				metal working							
	1970				1977				1984			
	N	C	N	C	N	C	N	C	N	C	N	C
Corporate/divisional	1	1.700	3	8.118	7	6.803	2	67.340	4	69.371	4	74.080
Dutch owned	4	1.340	6	1.520	5	1.138	3	964	1	500	2	1.017
Foreign owned	1	135	2	352	4	996	-	-	-	-	-	-
Small firm	6	1.345	4	753	4	973	4	606	1	216	1	200
Industry-wide	-	-	-	-	-	-	-	-	-	-	-	-
multi-branch wide	-	-	-	-	-	-	2	410.000	2	400.000	2	469.300
single-branch wide	6	12.150	6	13.150	6	8.500	1	50.000	-	-	-	-
							4	8.800	3	9.400	2	68.00

Source: Hulskamp, 1983

Table 2 Development of multi-employers' agreements
1950-1984 in selected industries

	Food, drink and tobacco				Timber and furniture				Metalworking				Chemicals				Paper			
	1950	1960	1970	1977/1984	1950	1960	1970	1977/1984	1950	1960	1970	1977/1984	1950	1960	1970	1977/1984	1950	1960	1970	1977/1984
Industry-wide	-	-	-	-	-	-	-	-	1	1	2	2	-	-	-	-	-	-	-	-
Multi-branch wide	3	4	5	5	2	3	3	4	2	2	4	-	-	-	4	1	-	-	-	-
Single-branch wide	23	17	17	13	12	10	8	4	10	9	4	3	4	4	3	1	6	8	6	6

Source: Bultkamp, 1983

Table 3 Average, yearly changes in wages and wage drift, 1972-1983

	Wages		Wage drift	
	Negotiated wage rates	Earnings	Structural drift	Wage drift
Food, drink and tobacco	8,1	8,6	0,6	-0,2
Timber and furniture	7,1	7,5	0,3	0,1
Chemicals	6,7	8,5	0,8	0,8
Metalworking	6,7	8,0	0,5	0,8
total manufacturing	7,0	8,3	0,7	0,5

Source: CBS, 1985

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